

Adams, Hope

From: Wessinger-Hill, JoAnne
Sent: Thursday, July 29, 2021 1:57 PM
To: Hall, Roger; Grube-Lybarker, Carri; John J. Pringle, Jr.; Heather Smith; Heather Smith; Pittman, Jenny; fellerbe@robinsongray.com; fellerbe@robinsongray.com; Nelson, Jeff; DeMarco, Tracy S.; Breitschwerdt, E. Brett; jennamcgrath@paulhastings.com; billdegrandis@paulhastings.com
Cc: PSC_Contact; Besley, Sharon
Subject: RE: Hearing Exhibit ? -- Judicial Notice? (Cross Examination Exhibit No. 2 Freund) -- DN 2020-263-E
Attachments: Freund-002 - Capacity Calculation - 2021-07-25.pdf

Parties:

Attached is a copy of the Cross Examination Exhibit regarding the Witness on the stand.

Jo Anne

C. Jo Anne Wessinger Hill, Esq.
General Counsel to the Commission
Public Service Commission

State of South Carolina
 101 Executive Center Drive, Suite 100
 Columbia, SC 29210

www.psc.sc.gov

Email: JoAnne.Hill@psc.sc.gov

803-896-5100 (main) | 803-896-5188 (f) | JoAnne.Hill@psc.sc.gov

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**South Carolina Public Service Commission
Proceeding No. 2020-263-E**

Cherokee County Cogeneration Partners LLC
Exhibit for Cross-Examination of John Freund
Cherokee Ex. Freund-002

Calculation of Avoided Cost for the Cherokee Facility

Purpose: Discuss with Mr. Freund the effect of one adjustment to Mr. Freund's calculation of a revised capacity payment, in his analysis of Mr. Strunk's proposed avoided cost rate. See Freund revised direct testimony, pp. 11-14. Specifically, the first capacity need date is changed from **2028**—per Mr. Freund—to **2026**, per the Commission's Order No. 2019-881(A), issued January 2, 2020 (pp. 90-91).

Calculation: The following formula is used to show the change, which adds two more years of capacity payments:

$$\frac{\$ 15 \text{ kW} - \text{year}}{3 \text{ years}} = \frac{x}{5 \text{ years}}$$

(capacity need in 2028) (capacity need in 2026)

$$x = \$25/\text{kW-year}$$